

# ELECTRONIC INDUSTRY



## CODE OF CONDUCT

VERSION 2.0 - OCTOBER 2005



**Version 2.0 October 2005**

## **ELECTRONIC INDUSTRY CODE OF CONDUCT**

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The Electronic Industry Code of Conduct outlines standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible.

Considered as part of the electronics industry for purposes of this Code are Original Equipment Manufacturers (OEMs), Electronic Manufacturing Services (EMS) firms and Original Design Manufacturers (ODMs) including contracted labor that may design, market, manufacture and/or provide goods and services that are used to produce electronic goods. The Code may be voluntarily adopted by any business in the electronics sector and subsequently applied by that business to its supply chain and subcontractors.

To adopt the Code and become a participant ("Participant"), a business shall declare its support for the Code and seek to conform to the Code and its standards in accordance with a management system as set forth in the Code.

For the Code to be successful, it is acknowledged that Participants should regard the code as a total supply chain initiative. At a minimum, participants shall require its next tier suppliers to acknowledge and implement the Code.

Fundamental to adopting the Code is the understanding that a business, in all of its activities, must operate in full compliance with the laws, rules and regulations of the <sup>1</sup>countries in which it operates. The Code encourages Participants to go beyond legal compliance, drawing upon internationally recognized standards, in order to advance social and environmental responsibility.

The Electronic Industry Code Participants are committed to obtaining regular input from stakeholders in the continued development and implementation of the Electronic Industry Code of Conduct (EICC).

The Code is made up of five sections. Sections A, B, and C outline standards for Labor, Health and Safety, and the Environment, respectively. Section D outlines the elements of an acceptable system to manage conformity to this Code. Section E adds standards relating to business ethics.

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<sup>1</sup> The Code is not intended to create new and additional third party rights, including for employees

## **A. LABOR**

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Participants are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community.

Recognized standards such as the Universal Declaration of Human Rights (UDHR), Social Accountability International (SAI) and the Ethical Trading Initiative (ETI) were used as references in preparing the Code and may be a useful source of additional information.

The labor standards are:

**1) Freely Chosen Employment**

Forced, bonded or indentured labor or involuntary prison labor is not to be used. All work will be voluntary, and workers should be free to leave upon reasonable notice. Workers shall not be required to hand over government-issued identification, passports or work permits as a condition of employment.

**2) Child Labor Avoidance**

Child labor is not to be used in any stage of manufacturing. The term “child” refers to any person employed under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Workers under the age of 18 should not perform hazardous work and may be restricted from night work with consideration given to educational needs.

**3) Working Hours**

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

**4) Wages and Benefits**

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. The basis on which workers are being paid is to be provided in a timely manner via pay stub or similar documentation.



## **A. LABOR (con't.)**

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**5) Humane Treatment**

There is to be no harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers: nor is there to be the threat of any such treatment.

**6) Non-Discrimination**

Participants should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, workers or potential workers should not be subjected to medical tests that could be used in a discriminatory way.

**7) Freedom of Association**

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. Participants are to respect the rights of workers to associate freely, join or not join labor unions, seek representation, join workers' councils in accordance with local laws. Workers shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

## **B. HEALTH and SAFETY**

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Participants recognize that the quality of products and services, consistency of production, and workers' morale, are enhanced by a safe and healthy work environment. Participants also recognize that ongoing worker input and education is key to identifying and solving health and safety issues in the workplace.

Recognized management systems such as OHSAS 18001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Code and may be a useful source of additional information.

The health and safety standards are:

**1) Occupational Safety**

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicle, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout). Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate personal protective equipment. Workers shall not be disciplined for raising safety concerns.

**2) Emergency Preparedness**

Emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

**3) Occupational Injury and Illness**

Procedures and systems are to be in place to manage, track and report occupational injury and illness, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate cases and implement corrective actions to eliminate their causes; and d) facilitate return of workers to work.

**4) Industrial Hygiene**

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. When hazards cannot be adequately controlled by engineering and administrative means, workers are to be provided with appropriate personal protective equipment.

## **B. HEALTH and SAFETY (con't.)**

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**5) Physically Demanding Work**

Worker exposure to physically demanding tasks, including manual material handling and heavy lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

**6) Machine Safeguarding**

Physical guards, interlocks and barriers are to be provided and properly maintained for machinery used by workers.

**7) Dormitory and Canteen**

Workers are to be provided with clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Worker dormitories provided by the Participant or a labor agent are to be clean, safe, and provide emergency egress, adequate heat and ventilation and reasonable personal space.

## **C. ENVIRONMENTAL**

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Participants recognize that environmental responsibility is integral to producing world-class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public.

Recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) were used as references in preparing the Code and may be a useful source of additional information.

The environmental standards are:

- 1) Environmental Permits and Reporting**  
All required environmental permits (e.g. discharge monitoring) and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.
- 2) Pollution Prevention and Resource Reduction**  
Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.
- 3) Hazardous Substances**  
Chemical and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.
- 4) Wastewater and Solid Waste**  
Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be monitored, controlled and treated as required prior to discharge or disposal.
- 5) Air Emissions**  
Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.
- 6) Product Content Restrictions**  
Participants are to adhere to all applicable laws and regulations regarding prohibition or restriction of specific substances including labeling laws and regulations for recycling and disposal. Participants are also to adhere to processes to comply with each agreed-upon customer-specific restricted and hazardous materials list.



## **D. MANAGEMENT SYSTEM**

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Participants shall adopt or establish a management system whose scope is related to the content of this Code. The management system shall be designed to ensure (a) compliance with applicable laws, regulations and customer requirements related to the Participant's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also facilitate continual improvement.

The management system should contain the following elements:

- 1) Company Commitment**  
Corporate social and environmental responsibility statements affirming Participant's commitment to compliance and continual improvement.
- 2) Management Accountability and Responsibility**  
Clearly identified company representative[s] responsible for ensuring implementation and periodic review of the status of the management systems.
- 3) Legal and Customer Requirements**  
Identification, monitoring and understanding of applicable laws, regulations and customer requirements.
- 4) Risk Assessment and Risk Management**  
Process to identify the environmental, health and safety<sup>2</sup> and labor practice risks associated with Participant's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to ensure regulatory compliance to control the identified risks.
- 5) Performance Objectives with Implementation Plan and Measures**  
Written standards, performance objectives, targets and implementation plans including a periodic assessment of Participant's performance against those objectives.
- 6) Training**  
Programs for training managers and workers to implement Participant's policies, procedures and improvement objectives.
- 7) Communication**  
Process for communicating clear and accurate information about Participant's performance, practices and expectations to workers, suppliers and customers.

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<sup>2</sup> Areas to be included in a risk assessment for health and safety are warehouse and storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchen/cafeteria and worker housing /dormitories.



## **D. MANAGEMENT SYSTEM (con't.)**

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- 8) Worker Feedback and Participation**  
Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.
- 9) Audits and Assessments**  
Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.
- 10) Corrective Action Process**  
Process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.
- 11) Documentation and Records**  
Creation of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

## **E. ETHICS**

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To meet social responsibilities and to achieve success in the marketplace, Participants and their agents are to uphold the highest standards of ethics including:

**1) Business Integrity**

The highest standards of integrity are to be expected in all business interactions. Any and all forms of corruption, extortion and embezzlement are strictly prohibited resulting in immediate termination and legal actions.

**2) No Improper Advantage**

Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted.

**3) Disclosure of Information**

Information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices.

**4) Intellectual Property**

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights.

**5) Fair Business, Advertising and Competition**

Standards of fair business, advertising and competition are to be upheld. Means to safeguard customer information should be available.

**6) Protection of Identity**

Programs that ensure the protection of supplier and employee whistleblower confidentiality are to be maintained.

**7) Community Engagement**

Community engagement is encouraged to help foster social and economic development.

**References:** The following standards were used in preparing this Code and may be a useful source of additional information. The following standards may or may not be endorsed by each Participant.

ILO Code of Practice in Safety and Health

[www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf](http://www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf)

National Fire Protection Agency

[www.nfpa.org/catalog/home/AboutNFPA/index.asp](http://www.nfpa.org/catalog/home/AboutNFPA/index.asp)

ILO International Labor Standards

[www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm](http://www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm)

OECD Guidelines for Multinational Enterprises

[www.oecd.org](http://www.oecd.org)

United Nations Convention Against Corruption

[www.unodc.org/unodc/en/crime\\_convention\\_corruption.html](http://www.unodc.org/unodc/en/crime_convention_corruption.html)

United Nations Global Compact

[www.unglobalcompact.org](http://www.unglobalcompact.org)

Universal Declaration of Human Rights

[www.un.org/Overview/rights.html](http://www.un.org/Overview/rights.html)

ISO 14001

[www.iso.org](http://www.iso.org)

SA 8000

[www.cepaa.org/](http://www.cepaa.org/)

SAI

[www.sa-intl.org](http://www.sa-intl.org)

Ethical Trading Initiative

[www.ethicaltrade.org/](http://www.ethicaltrade.org/)

OHSAS 18001

[www.bsi-global.com/index.xalter](http://www.bsi-global.com/index.xalter)

Eco Management & Audit System

[www.quality.co.uk/emas.htm](http://www.quality.co.uk/emas.htm)



## DOCUMENT HISTORY

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Version 1.0 – Released October 2004.

Version 1.1 – Released May 2005.

Converted document to EICC format, minor page layout revisions; no content changes

Version 2.0 – Released October 2005 with revisions to multiple provisions.



The Electronic Industry Code of Conduct was initially developed by a number of companies engaged in the manufacture of electronics products between June and October 2004. Participating companies included Celestica, Dell, Flextronics, HP, IBM, Jabil, Sanmina SCI, and Solectron.

Companies adopting/endorsing the code and/or joining the Implementation Group include: Celestica, Cisco, Dell, Flextronics, Foxconn, HP, IBM, Intel, Jabil, Lucent, Microsoft, Sanmina SCI, Seagate, Solectron, and Sony. Other companies are invited and encouraged to adopt this code. You may obtain additional information from [www.eicc.info](http://www.eicc.info)